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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING

Whether there has been a violation  
of the Securities Act of Washington by:

Jerry A. Martin; Martin Investment Firm; their  
employees and agents,

Respondents

SDO 108 - 00

SUMMARY ORDER TO CEASE AND DESIST

Case No. 99-10-36

THE STATE OF WASHINGTON TO:

Jerry A. Martin and Martin Investment Firm

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Jerry A. Martin and Martin Investment Firm have violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

**RESPONDENTS**

**I.**

1.1 Jerry A. Martin is the owner of and doing business as Martin Investment Firm, a sole proprietorship, and is doing business at a Spokane Washington address.

SUMMARY ORDER TO CEASE AND DESIST

1.2 Jerry Martin has used the name Martin Investment Firm in connection with the management of his personal investments and in connection with the sale of investments to the public.

## OFFERING

### II.

2.1 In approximately December 1999, Jerry A. Martin opened a trading account with Global Dominion Financial Services to be managed by them for the purpose of trading in offshore debentures, treasury or federal reserve notes.

2.2 From approximately December 1999 to present, Respondent Jerry A. Martin dba Martin Investment Firm personally or through his agents caused investments in his personal trading account to be offered and sold to at least 28 investors, most of whom were Washington residents.

2.3 Martin told certain investors that the trading account was with Global Dominion Financial Services, an international banking financial institution located in Nevis, West Indies and explained that their money would be used in a high yield trading program investing in financial instruments such as debentures, treasury or federal reserve notes.

2.4 Jerry A. Martin told some investors that their money would be pooled with other investors' funds in his trading account.

2.5 Jerry A. Martin promised investors a 10% return on each trade made in his account or a minimum of a 10% return per month.

2.7 Martin provided investors a receipt of their investment and statements reflecting the investments and their increased value as a result of trading activity in the account.

2.8 Jerry A. Martin collected in excess of \$150,000 from investors for the purpose of investing in his Global Dominion Financial Services trading account.

## ANTI-FRAUD VIOLATIONS

### III.

In connection with the offer and sale of interests in his Global Dominion Financial Services trading account, Jerry A. Martin dba Martin Investment Firm told investors that their money would be invested in his trading account, but Martin failed to adequately disclose to investors at least the following material

1 information: (1) the specific potential risks of the investment; (2) financial information concerning Global  
2 Dominion Financial Services, including prior trading history, financial statements or historical financial  
3 information of any kind; (3) that not all investor funds were going to be deposited into the trading account,  
4 but rather some of the funds would be diverted to personal or business uses by Jerry A. Martin and (4)  
5 financial information regarding himself and the Martin Investment Firm.

## 6 FICTITIOUS FINANCIAL INSTRUMENTS

### 7 IV.

8 The high yield trading program as described above purports to involve an investment in the offshore  
9 trading of financial instruments called debentures and federal reserve notes that are issued or traded among  
10 major U.S. and European banks and financial institutions. Since 1993, the Federal Reserve Board, the  
11 Securities and Exchange Commission and other regulatory agencies have alerted the public that such high  
12 yield trading programs and other schemes are fraudulent and do not involve bona fide financial instruments  
13 or actual trading of securities. Jerry A. Martin failed to disclose these warnings to investors and did not  
14 provide investors with documentation of the existence of the so-called financial instruments or trading  
15 program.

## 16 FAILURE TO REGISTER OFFER OF SECURITIES

### 17 V.

18 The offer and sale of interests by Jerry A. Martin in his Global Dominion Financial Services trading  
19 account are not currently registered under the Securities Act of Washington, chapter RCW 21.20, in the state  
20 of Washington and have not previously been so registered.

## 21 THREAT TO INVESTING PUBLIC

### 22 VI.

23 The Securities Administrator finds that the continued offering of interests in the Jerry A. Martin  
24 trading account in the manner described in Tentative Finding of Fact I through V presents a threat to the  
25 investing public.

26 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

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## CONCLUSIONS OF LAW

### I.

The offer and/or sale of interests by Jerry A. Martin in his Global Dominion Financial Services trading account as described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: an investment contract, risk capital or evidence of indebtedness.

### II.

The offer and/or sale of said securities was made in violation of RCW 21.20.010, the anti-fraud provisions of the Securities Act because Respondents failed to disclose to investors material facts as set forth above in Paragraphs I through IV of the Tentative Findings of Fact.

### III.

The offer and/or sale of said securities are in violation of RCW 21.20.140 because no registration for such offer and/or sale is on file with the Administrator of Securities of the state of Washington.

## EMERGENCY

The Securities Administrator finds that an emergency exists and concludes that the continued offers or sales by Jerry Martin constitutes a threat to the investing public, and that a summary order to cease and desist from those violations are in the public interest and necessary for the protection of the investing public.

## SUMMARY ORDER

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED That Respondents Jerry A. Martin and Martin Investment Firm each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.010.

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED That Respondents Jerry A. Martin and Martin Investment Firm each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140.

## AUTHORITY AND PROCEDURE

1 This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the  
2 provisions of Chapter 34.05 RCW. The Respondents may each make a written request for a hearing as  
3 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
4 accompanying this order. A hearing request should be made in writing and sent to Deborah R. Bortner,  
5 Securities Administrator, Department of Financial Institutions, P.O. Box 9033, Olympia WA 98507-  
6 9033 to the attention of Martin Cordell. If a respondent does not request a hearing, the Securities  
7 Administrator intends to adopt the Tentative Findings of Fact and Conclusions  
8 of Law as final and make the Summary Order to Cease and Desist permanent as to the respondent.

9 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

10 DATED this 17th day of November , 2000.

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14 DEBORAH R. BORTNER  
15 Securities Administrator

16 Approved for entry by:

17 Presented by:

18  
19 MICHAEL E. STEVENSON  
20 Chief of Compliance

21  
22 MARTIN CORDELL  
23 Securities Examiner